



PAT McCRORY
Governor

CHRIS ESTES
State Chief Information Officer

December 1, 2015

To: Joint Legislative Oversight Committee on Information Technology
Fiscal Research Division

From: Kristen W. Culler, Deputy State Chief Information Officer/Chief Financial Officer

Subj: Information Technology Equipment and Fixtures Report

As directed in Session Law 2015-241 Section 7.2.(d), please find the attached plan for the Department of Information Technology to separately maintain and account for Information Technology Fixtures and Equipment.

If you have questions, I can be reached at kristen.culler@nc.gov or (919) 754-6574.

Copy to: Assistant State Budget Officer for Information Technology



State of North Carolina | Department of Information Technology
4101 Mail Service Center | Raleigh, NC 27699-4101
919 754 6100 T

Information Technology Fixtures & Equipment (ITF&E) Tracking

Purpose: Per Session Law 2015-241, Sections 7.2.(b) and (d), Information Technology equipment and fixtures shall be maintained in a separate account to be managed by the Office of State Budget and Management (OSBM) from receipts collected in the Information Technology Internal Service Fund (ISF). Funds shall be separately maintained and used only for the replacement of fixtures and equipment for which the funds were collected.

Process: Receipts collected for future year ITF&E will be initially posted to the ISF Funds where they are collected (Funds 7217, 7224, 7228, 7250 and 7280). Semi-annually (December 31st and June 30th), excess receipts collected in the Funds referenced above, not needed to offset DIT ISF budget shortfalls and needed to finance subsequent years ITF&E scheduled purchases (if approved by OSBM per S.L. 2015-241, Section 7.2.(b)), will be moved to a new Fund already established in the ISF (7290 = IT Fixtures & Equipment).

No purchases or direct receipts will be posted to Fund 7290, only transfers in/out of receipts from the above referenced Funds. The transfers in/out will be recorded in "contra-expense" accounts as receipts in all the referenced Funds. Actual purchases for ITF&E will be made from the ISF Funds where they are budgeted. DIT will use a separate account that will tie back to the benefiting Fund, using the 5383xx account series. Please see accounts below:

538317 = Fund 7217 ITF&E Receipts, to be used in Funds 7217 and 7290

538324 = Fund 7224 ITF &E Receipts, to be used in Funds 7224 and 7290

538328 = Fund 7228 ITF&E Receipts, to be used in Funds 7228 and 7290

538350 = Fund 7250 ITF&E Receipts, to be used in Funds 7250 and 7290

538380 = Fund 7280 ITF&E Receipts, to be used in Funds 7280 and 7290

When an over-collection is realized at the end one of the above referenced periods, December or June, a DEBIT to the appropriate contra-expense account will be posted to the benefiting Fund. An offsetting CREDIT to the appropriate contra-expense account will be posted to Fund 7290. At the end of the reporting period, the Funds above will have an appropriate DEBIT posted that will coincide with any over-collection amount. Fund 7290 will have a CREDIT entry to each of the contra-expense accounts listed above, as necessary.

When a benefiting Fund has a purchase made for ITF&E, an entry will be posted to DEBIT the contra-expense account in Fund 7290 (effect of reducing the cash collected). An offsetting CREDIT will be posted to the corresponding contra-expense account in the benefiting Fund (effect of adding a receipt).

Sample entry to post at the end of the period to recognize Fund 7217 over-collection for a future ITF&E purchase for \$1,000:

538317 7217-71003	\$1,000	DEBIT
538317 7290	\$1,000	CREDIT

Sample entry to post when an ITF&E purchase occurs in Fund 7217 when collections from previous period for \$500:

538317 7290	\$500	DEBIT
538317 7217-71003	\$500	CREDIT

The over-collected receipts can be analyzed by Fund by using the specific contra-expense account. At the end of a State Fiscal Year, DIT can analyze if enough over-collected receipts for ITF&E exist to fund the refresh schedule and adjust the schedule accordingly.

The contra-expense accounts appear in the receipts section of the BD701 budget reports. This account will not need to be budgeted and will show as \$0 at the ISF Budget Code (74660) level. Cash balances in Fund 7290 will carryforward year to year.